

820 KAR 1:120. Allowable expenses.

RELATES TO: KRS 238.536, 238.550(9)

STATUTORY AUTHORITY: KRS 238.515(2), (4), (9), 238.550(9)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 238.515(4) authorizes the department to establish standards to insure charitable gaming receipts are properly accounted for and KRS 238.515(9) authorizes the Department of Charitable Gaming to promulgate administrative regulations necessary to carry out the provisions of the chapter. KRS 238.550(9)(a) to (i) lists the categories of expenses authorized by statute. KRS 238.550(9)(j) authorizes the Department of Charitable Gaming to approve charitable gaming expenses determined to be legitimate but which have not already been authorized by statute. This administrative regulation establishes the other allowable expenses and establishes the limitations and exclusions for the listed categories of expenses.

Section 1. Other Allowable Expenses. In addition to those authorized expenses provided for in KRS 238.550(9), each of the following expenses is determined to be legitimate and shall be allowable charitable gaming expenses of a licensed charitable organization:

- (1) The following customary and usual banking fees or charges paid to any financial institution in connection with an organization's charitable gaming account:
 - (a) Monthly service charges;
 - (b) Check verification service charges;
 - (c) Check printing charges;
 - (d) Charges relating to returned checks; or
 - (e) Copying charges for bank records;
- (2) Customary and usual fees or charges paid to a check reader or verification company incurred in connection with the organization's charitable gaming activities;
- (3) Customary and usual fees or charges incurred with accepting and processing credit card purchases from patrons at the organization's charitable gaming activities;
- (4) Food, any noncash item not to exceed twenty-five (25) dollars in fair market value given upon achieving a predetermined goal in a raffle, or clothing provided to volunteers as authorized in 820 KAR 1:060;
- (5) Payments made to the Department of Charitable Gaming;
- (6) Printing costs incurred in connection with an organization's charitable gaming activities, which shall be the costs for printing or copying raffle tickets, gaming occasion programs, house rules, and vouchers;
- (7) Payments for the purchase of prizes to be awarded during the organization's conduct of charitable gaming;
- (8) Promotional items;
- (9) Federal excise taxes levied under 26 U.S.C. 4401 and 4411, or fees associated with the filing of Internal Revenue Service Form 11-C and paid by a licensed charitable organization during the calendar year; and
- (10) Customary and usual fees or charges incurred in the collection of checks dishonored for insufficient funds.

Section 2. Charitable Gaming Expense Categories. (1) The items that may be included as a utilities expense, pursuant to KRS 238.550(9)(c), shall be the money paid for electric, gas, water, sewer, telephone, and trash collection. It may also include any cable or internet expenses that are incurred by the charitable organization for credit card services, card-minding devices, or electronic pulltab systems.

(2) The items that may be included as an advertising expense, pursuant to KRS 238.550(9)(e), shall be the expenses for a handout, flyer, radio, television, advertising sign, billboard, or other media used to promote an event or activity required to be licensed under KRS Chapter 238 and any printing costs associated with them.

(3) The items that may be included as a bookkeeping expense, pursuant to KRS 238.550(9)(g), shall be the costs of completing the financial report, the federal excise tax form, and the federal gaming forms. Bookkeeping expenses shall not include expenses associated with handling charitable gaming funds, preparing gaming occasion records, or ordering supplies.

(4) The items that may be included as security services, pursuant to KRS 238.550(9)(h), shall be the expenses associated with paying a person whose sole duty is to promote and provide peace, order, and safety at a charitable gaming event which:

(a) May include patrolling the parking lot or accompanying the organization's personnel to the bank or night depository with the charitable gaming receipts; and

(b) Shall not include costs for security or alarm systems or for special lighting for the building or parking lot. (23 Ky.R. 1282; eff. 11-8-1996; Recodified from 500 KAR 11:120, 2-23-1999; 28 Ky.R. 1513; 2039; eff. 3-13-2002; 32 Ky.R. 773; 1300; 1661; eff. 3-31-2006; 33 Ky.R. 3536; 34 Ky.R. 77; eff. 8-31-2007; 42 Ky.R. 959; 1780; eff. 1-4-2016.)